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Report on
Estimates of Job Growth and Building Expansion
of Sixty Santa Clara County Companies
1979 - 1985

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Prepared By
The Jobs/Housing Task Force
of the
Santa Clara County Manufacturing Group
July 11, 1979

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INTRODUCTION

In April 1979, the Santa Clara County Manufacturing Group conducted a survey of the growth estimates of manufacturers in Santa Clara County. The purpose of the Industrial Growth Survey is to make industry-based job growth estimates available for use by local governments in assessing land use plans and by manufacturers in assessing corporate expansion plans. The survey results are now being released as part of an ongoing commitment by the Manufacturing Group to encourage responsible planning efforts, by both government and industry, on issues affecting the economic and physical well-being of Santa Clara County.

PROCEDURES

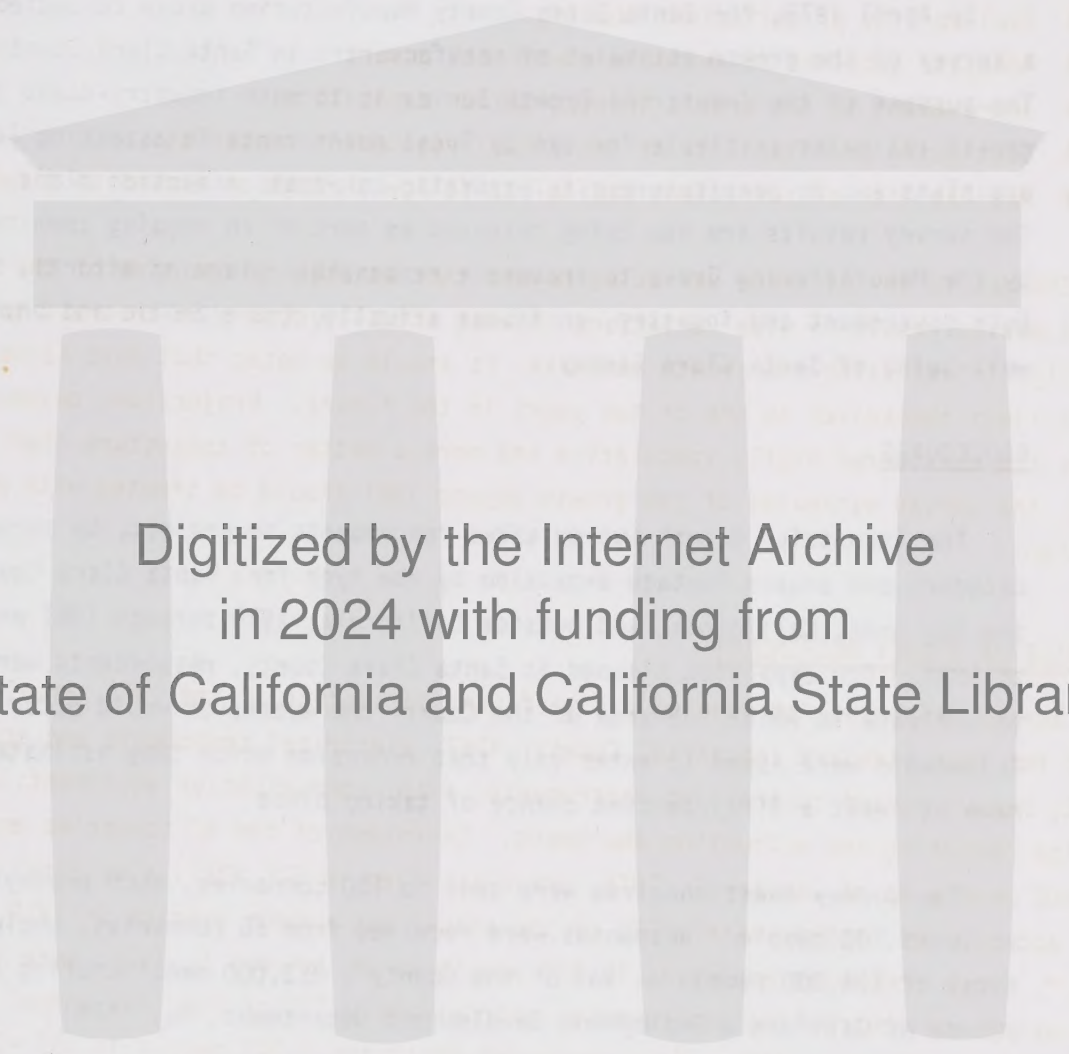
The Industrial Growth Survey asked respondents to project, by personnel category and square footage expansion by use type for: Santa Clara County; the Bay Area; California, and outside California, 1979 through 1981 and on to 1985. For expansion planned in Santa Clara County, respondents were asked to indicate in which sub-area of the County the expansion would occur. Respondents were asked to enter only that expansion which they estimated would have at least a fifty-percent chance of taking place.

The survey questionnaires were sent to 150 companies, each employing at least 100 people. Responses were received from 60 companies, employing a total of 116,000 people -- 54% of the County's 213,000 manufacturing employees, (State of California Employment Development Department, May 1979).

Survey responses were tabulated by Price-Waterhouse and Company, a public accounting firm through procedures that ensured the confidentiality of each response. Survey responses were tabulated by Price-Waterhouse without audit and the firm therefore assumes no responsibility for the accuracy of the underlying amounts.

ASSUMPTIONS IN ARRIVING AT ESTIMATES

The estimates of each individual company and the compilation of estimates to arrive at totals are subject to variables beyond the foresight and control



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of the Manufacturing Group or any one survey respondent. Realization of growth approaching the survey estimates assumes continuation of such conditions as:

- A favorable national and international economy;
- Availability of sufficient skilled and unskilled labor;
- Availability of sufficient housing;
- Adequate supplies of reliable electrical power;
- Improvement to the area's transportation capability;
- Continuing profitability of individual respondent companies;
- Availability of sufficient capital to follow through on expansion plans.

Changes to any of these variables beyond that assumed by the time of the survey could easily result in wide variations in what actually occurs in contrast to plan. Finally, in assessing the growth estimate, it should be noted that most corporate plans limit themselves to one or two years in the future. Projections beyond two years are considered highly speculative and more a matter of conjecture than plan. Thus, the survey estimates of job growth beyond 1981 should be treated with particular caution.

PROFILE OF SURVEY RESPONDENTS

Survey responses represented a significant percentage of the 1978 annual employment for four Standard Industrial Codes: #367, electrical components and accessories; #382, measuring and controlling instruments; #366, communication equipment; and #357, office computing and accounting equipment. Seventeen of the 60 companies employed 35,600 people as of January 1, 1979, are classified in SIC #367, electrical components and accessories, approximately 72% of the annual employment average in 1978 for this SIC.* Three companies employing 13,570 people as of January 1, 1979, were in SIC #382, measuring and controlling instruments, approximately 71% of the 1978 annual employment average for SIC group #38.* Five companies employing 8,540 people in SIC #366, communication equipment, represent 99% of the annual employment average for 1978 in SIC #366. Finally, 5 companies employing 12,420 people in January 1979, in SIC #357, office computing and accounting equipment, represent 38% of the annual employment average in that SIC for 1978. The remainder of the respondent companies were distributed among 20 additional SIC Codes.

* - California Employment Development Department, Annual Planning Information Report, May 1979.

SURVEY FINDINGS

The major survey findings are summarized on the following pages and illustrated on the accompanying charts and graphs. (All graphs courtesy Graphics Department, San Jose Mercury News.)

1) EMPLOYMENT INCREASES (See Exhibit I, following these pages)

The survey respondents projected a 24% increase in employment in Santa Clara County during the three-year period, 1979-1981. This compares to an actual increase in manufacturing jobs during the preceeding three-year period, 1976-1978 of 33.6% (State of California Employment Development Department, Non-agricultural wage salary job total, January 1, 1976 through December 31, 1978). The 24% growth rate estimated by survey respondents, 1979-1981, is equivalent to an average annual increase of 7.5%, close to the 7.2% increase in manufacturing jobs projected for 1979-1980 by the California Employment Development Department (for Santa Clara County). For estimated growth during 1982-1985, the survey respondents envision a continued healthy growth locally, increasing from a 1979 employment of 116,000 by 49% to an estimated 1985 total of 173,000 employees.

2) EMPLOYMENT INCREASES IN SANTA CLARA COUNTY AND ELSEWHERE 1979-1981 (See Exhibit II, following these pages)

Respondent companies reported their plan to add a total of 49,220 jobs between 1979 and 1981, with 56% of those jobs being added in Santa Clara County and 41% being added outside California. Two percent of the total new jobs is planned for other Bay Area counties, and a mere 1% elsewhere in California, but outside the Bay Area. Among the major reasons for the projected expansion outside California were lack of sufficient workers in all categories and the high cost of housing.

3) LOCATION OF PROJECTED EMPLOYMENT IN SANTA CLARA COUNTY (See Exhibit III following these pages)

Respondent companies project that employment growth in Santa Clara County will increase more in the Sunnyvale, Santa Clara, and Cupertino areas proportionately more than in other parts of the County, from representing 55% of the respondent companies in 1979 to 59.7% of the total projected respondent company employment in 1985. All other areas of the County are estimated to contain a smaller percentage of the employment added 1979-1985.

4) SQUARE FOOTAGE INCREASES PROJECTED FOR SANTA CLARA COUNTY (See Exhibit IV, following these pages)

Survey respondents projected an increase in building square footage from 39.6 million square feet in 1979 to 52.7 million square feet in 1981, an increase of 33%. From 1982 to 1985, the projected rate of amount increased drops sharply to 18.8%, resulting in an estimated building square footage for survey respondents in 1985 of 62.6 million square feet.

5) SQUARE FOOTAGE INCREASES PROJECTED FOR SANTA CLARA COUNTY AND ELSEWHERE 1979-1981 (See Exhibit V, following these pages)

Respondent companies project that 67% of their total of 19.4 million square footage to be added 1979-1981 will be added in Santa Clara County, with 26% to be added outside California. Five percent is planned for California and 2% for other Bay Area Counties.

6) PROJECTED USE FOR INDUSTRIAL SPACE IN SANTA CLARA COUNTY 1979-1981-1985 (See Exhibit VI, following these pages)

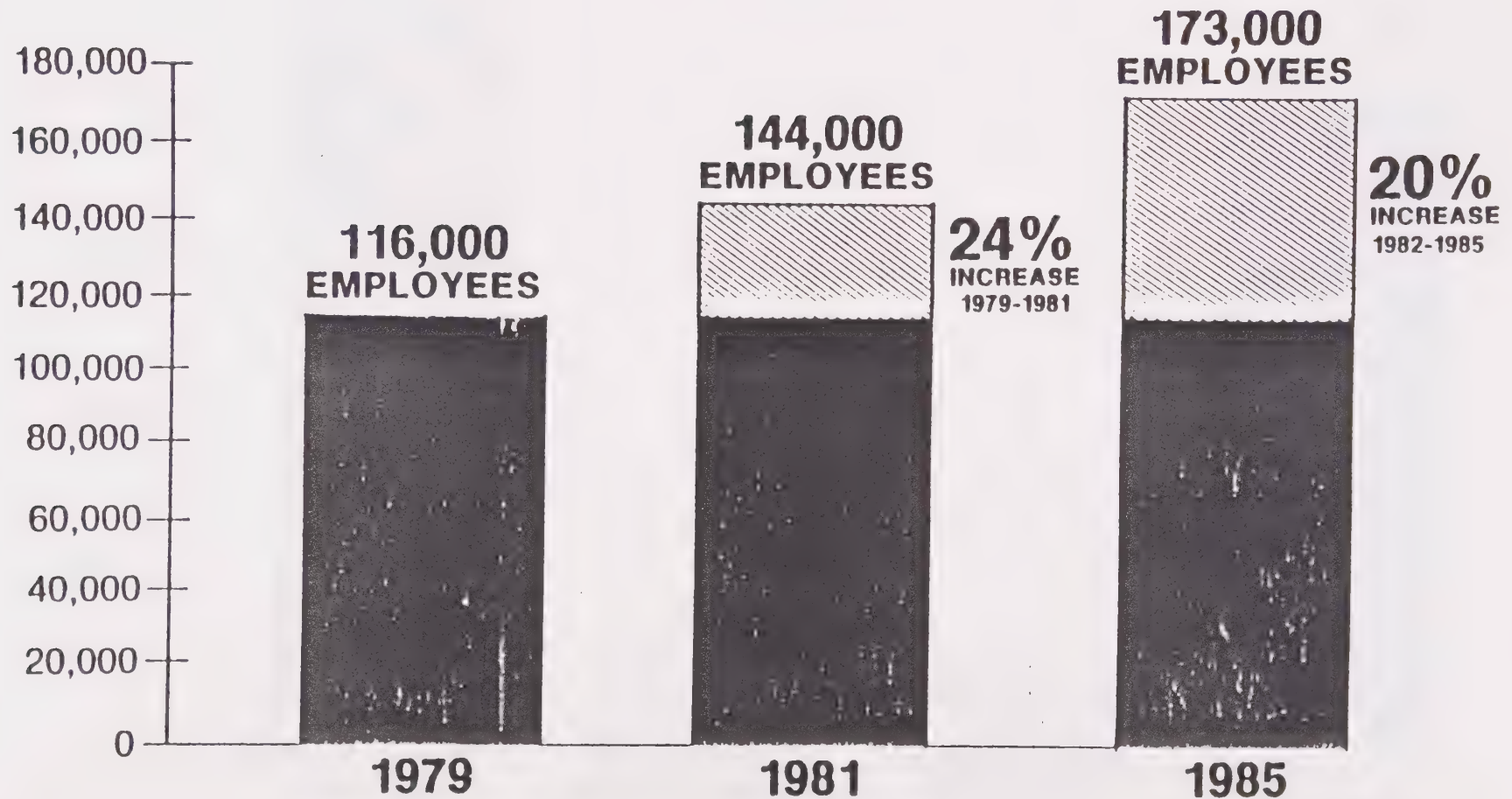
Respondent companies are projecting overall increases in production activities in relation to administration, research and development, warehouse, and other functions for respondent companies. With production activities going from 40% of the industrial space use in 1979 to 44% in 1985.

7) GROWTH RATE PROJECTION BY COMPANY SIZE

Respondent companies under 4,000 employees projected a growth rate from 1979-1981 of 2 to 4 times the 13% projected by large companies employing over 4,000 people. Again, in the period 1982-1985, smaller companies (under 4,000 employees) look forward to anticipated growth rates 5 to 10 times the 5% projected by the respondent companies over 4,000 employees.

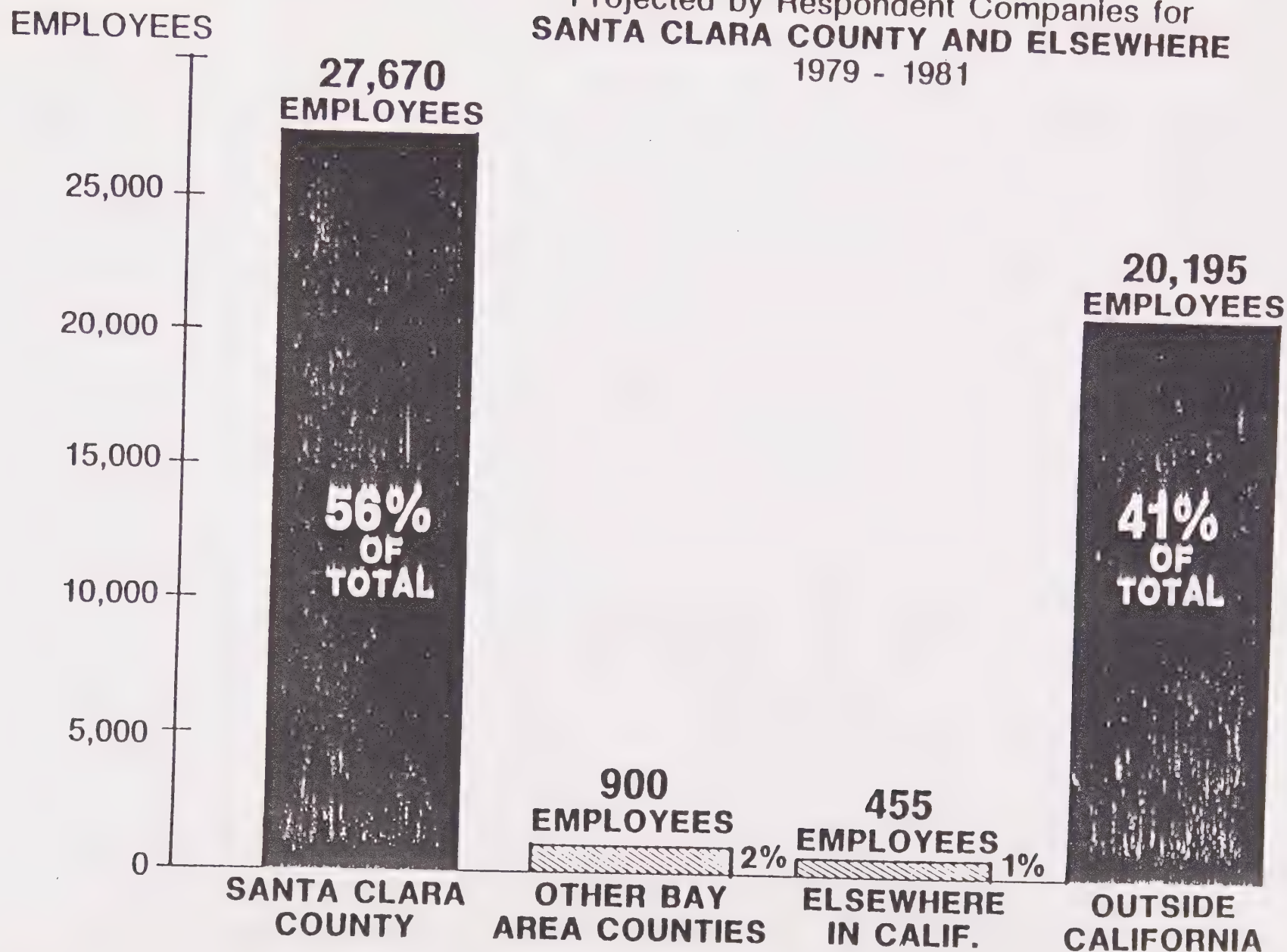
EMPLOYMENT INCREASES

Projected by Survey Respondents
for Santa Clara County
1979 - 1981 - 1985



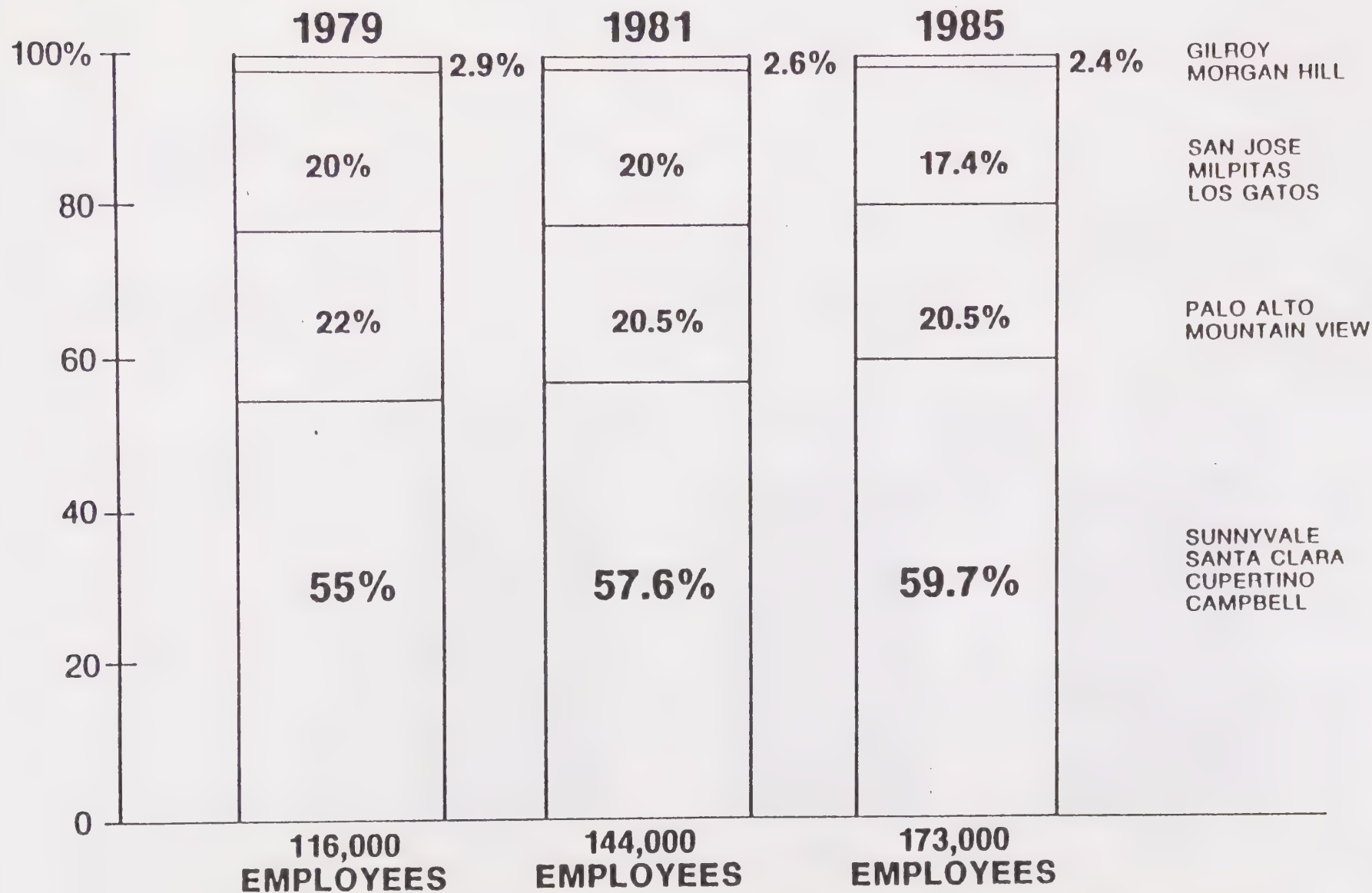
EMPLOYEE INCREASES

Projected by Respondent Companies for
SANTA CLARA COUNTY AND ELSEWHERE
1979 - 1981



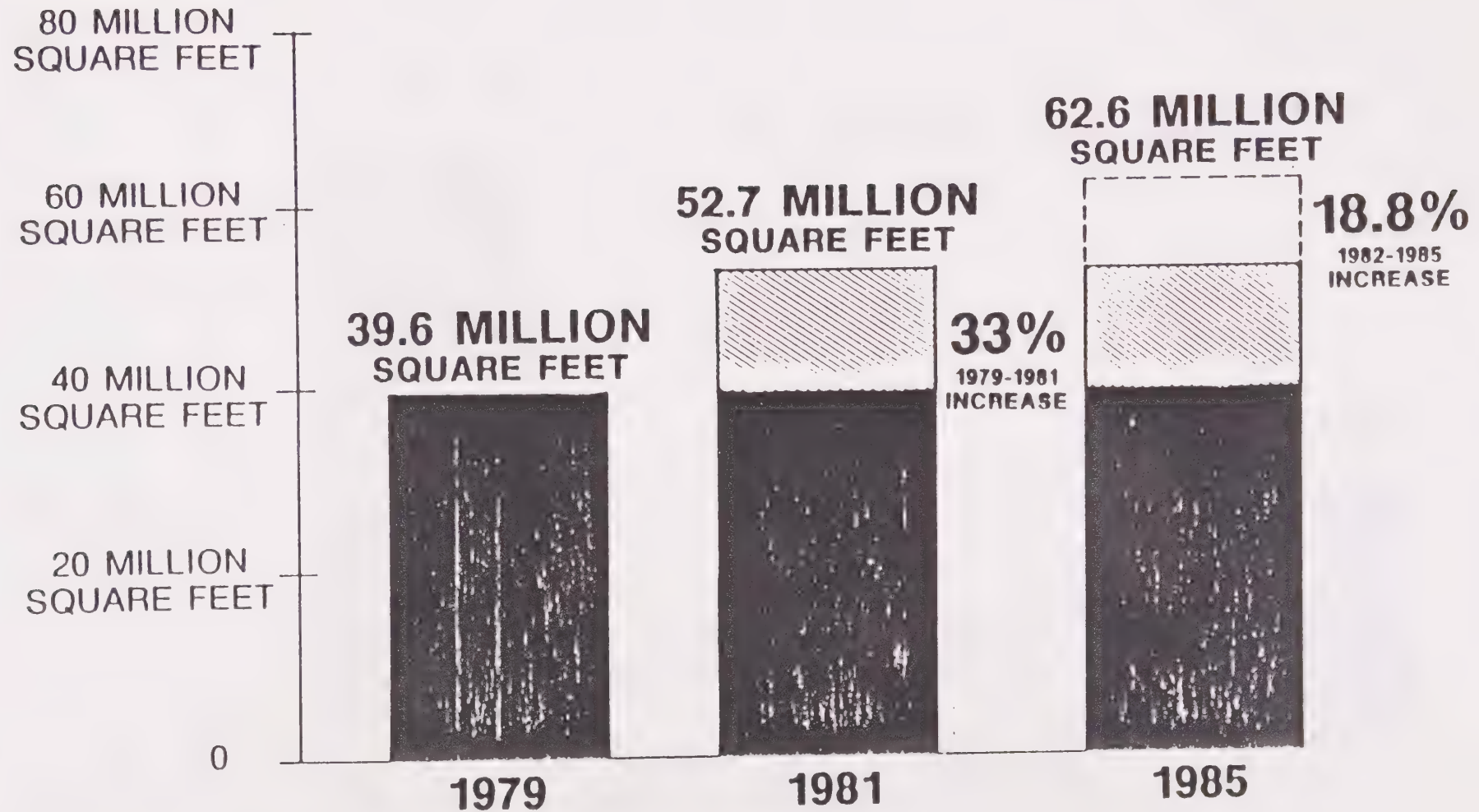
LOCATION OF PROJECTED EMPLOYMENT

In Santa Clara County
1979 - 1985



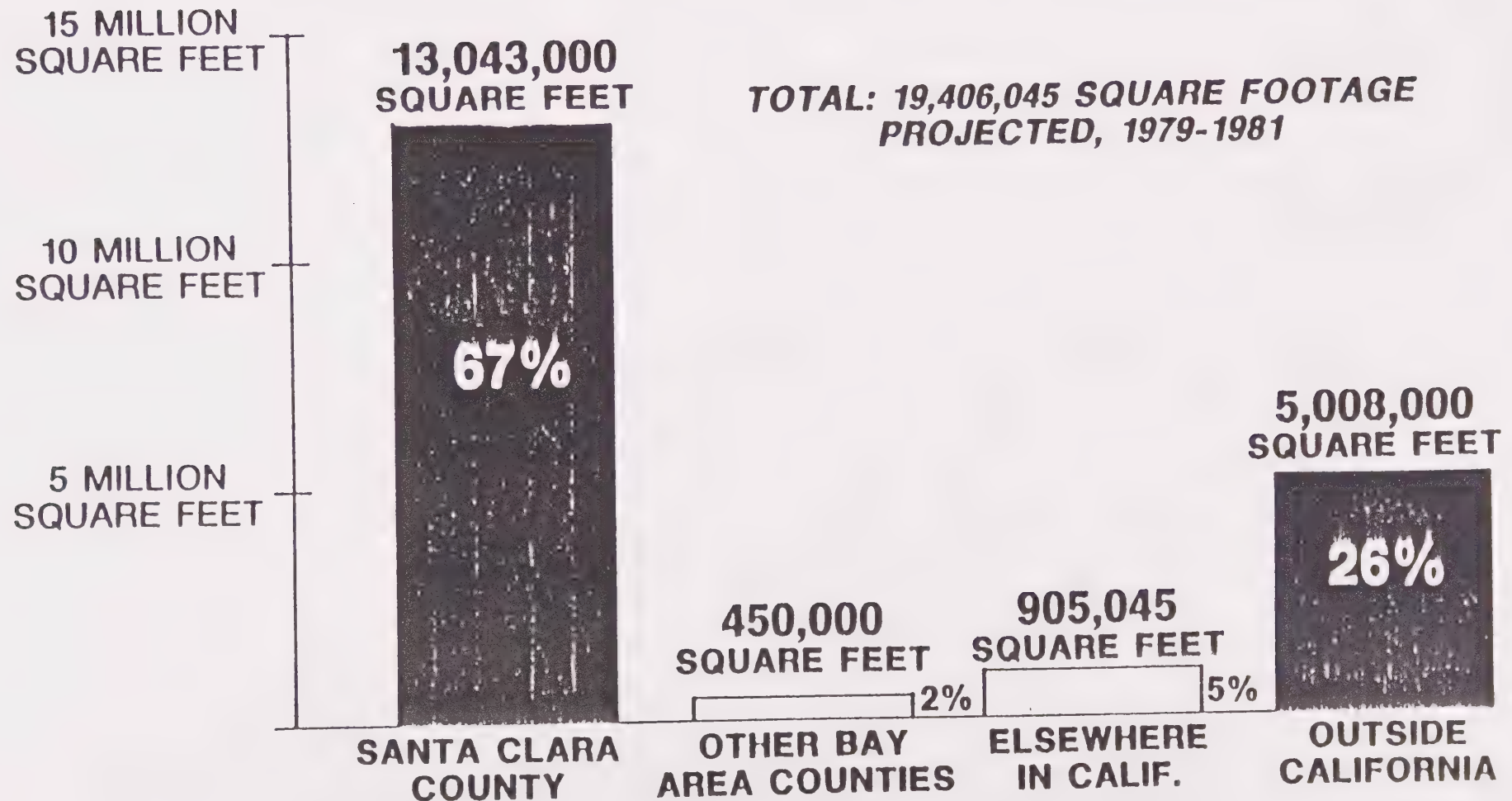
SQUARE FOOTAGE INCREASES

Projected by Survey Respondents
for Santa Clara County
1979 - 1981 - 1985



SQUARE FOOTAGE INCREASES

Projected by Survey of Respondents for
SANTA CLARA COUNTY AND ELSEWHERE
1979 - 1981

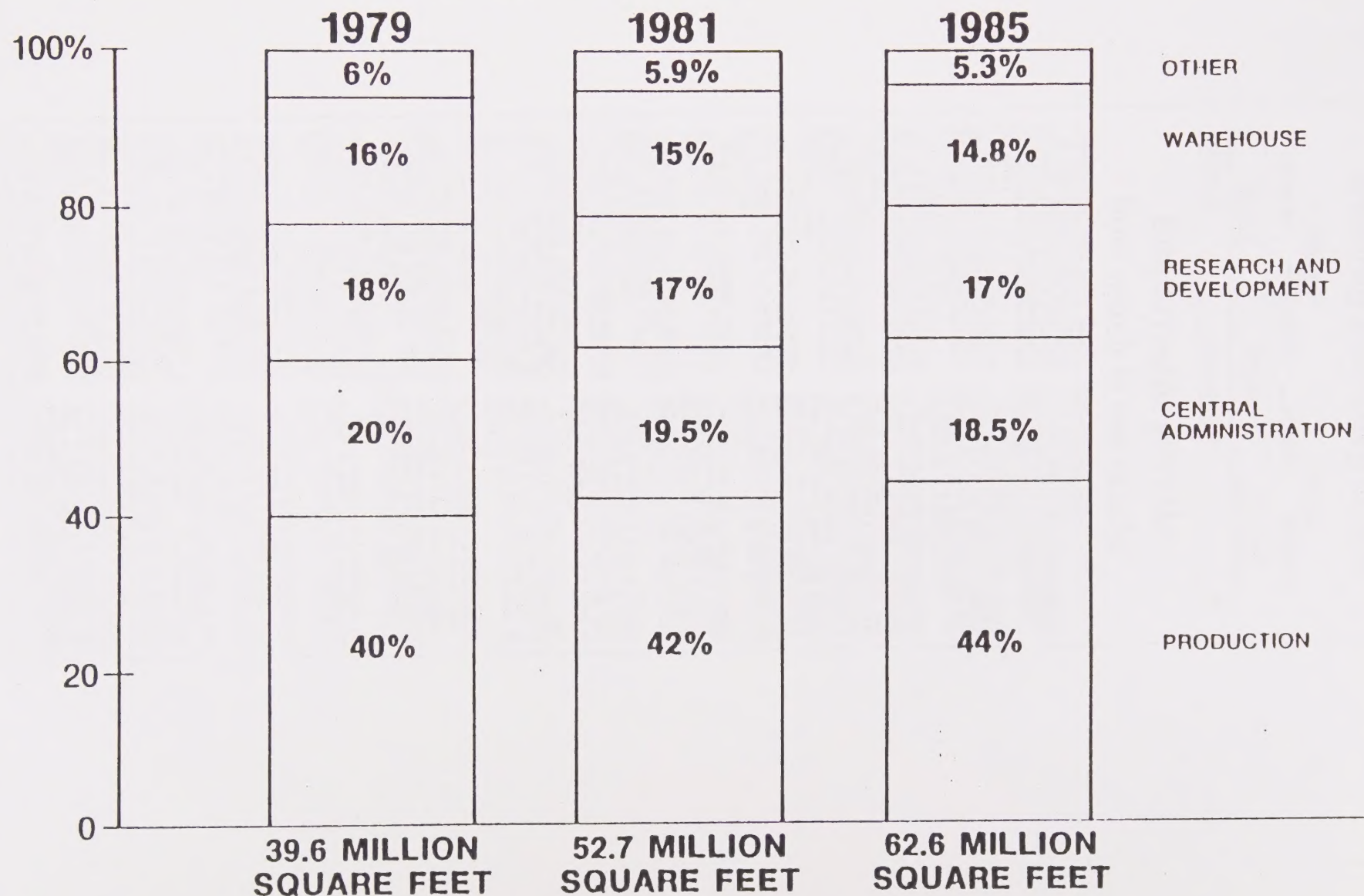


PROJECTED USE FOR INDUSTRIAL SPACE

in Santa Clara County by Respondent Companies

1979 - 1981

INDUSTRIAL SQUARE FOOTAGE



Sunday Mercury News

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Editorial

Sunday, July 15, 1979

6B

Employment growth: how much is too much?

THE Santa Clara County Manufacturing Group, a private organization of some of this area's major employers, has performed a public service by surveying the growth plans of local firms and by making public the results of that survey.

The numbers can be read as encouraging or alarming, depending on one's viewpoint. But clearly it's better to know them than to be ignorant of them, which is what we all were until now.

The importance of the job growth survey lies in its usefulness as a tool that can help both private industry and local government do a better job of planning for the future.

Sixty companies took part in the survey. Together they employ 116,000 people in Santa Clara County, or a little more than half of the county's total manufacturing employment.

The survey revealed that these companies have local growth plans which, when added together, would give them a total of 144,000 employees here by 1981, and 173,000 by 1985.

That means the combined local employment of these companies would grow by 24 percent by 1981, and by 49 percent by 1985.

Such growth would be slower than the 34 percent rate at which the county added jobs from 1976 through 1978. But it would still be rapid enough to result in problems, as well as benefits.

For one thing, this is a great deal more job growth than public planners had projected previously.

We have 657,000 jobs in Santa Clara County now. County planners and regional planners have generally assumed that by 1990, the total will be somewhere between 715,000 and 791,000. But it's possible to look at the new survey and extrapolate a growth rate that would give us between 1.1 million and 1.4 million jobs in Santa Clara County by 1990.

That won't happen, of course. If we got close to those figures, our housing supply and transportation system would be so overwhelmed that employers would change their plans and expand somewhere else rather than here.

In fact, just the short-term figures in the Manufacturing Group's survey probably will cause some of the participating companies to revise their own local growth plans downward, now that they know what their neighbors are planning.

It's important to understand that the Manufacturing Group released the figures precisely so that they could be used by its own members and by other companies in reviewing and reassessing corporate growth plans, and by local government in assessing and updating land use and transportation plans.

This wasn't just another example of business patting itself on the back and saying, "Hey, look how we're growing." On the contrary, it seems to be a matter of our major companies getting together and saying, "We need to grow, but we're beginning to understand that our combined growth is going to cause some problems for Santa Clara County that industry and government need to work together to solve."

That's a pretty enlightened attitude, and we think it deserves an equally en-

lightened and sophisticated response from local government.

It's time that all of us realize that the day has passed when industrial growth could be considered a simple, unmitigated good for Santa Clara County.

On the other hand, one need only look at the grass now growing in the parking lots of some of the abandoned industrial areas of the East to recognize that it's a lot better to have growth problems than the problems of a dying economy.

We think Santa Clara County is capable of accommodating considerable new growth — if it is managed intelligently. And the first step in such growth management needs to be a cooperative effort by county government and our 15 separate city governments to deal with a jobs/housing imbalance that has two parts. First, we're adding jobs a great deal faster than we're adding housing. And second, jobs thus far have been clustered in the north part of the county, with housing in the south — a distribution that causes problems for the local government tax base.

Industry also has a role in redressing that imbalance, and the new job growth survey shows why: The bulk of the new industrial growth is planned for Sunnyvale, Santa Clara, Cupertino and Campbell, north county cities which already have a job-rich tax base.

If this growth takes place as planned, these cities will have 60 percent of the county's manufacturing jobs by 1985. Palo Alto and Mountain View will have about the same portion as now, about 20 percent of the total.

But the cities farther south — San Jose, Milpitas, Los Gatos, Morgan Hill and Gilroy — will actually decline in their share of total jobs, from about 23 percent of the present total to about 20 percent in 1985.

San Jose and these other job-poor cities no longer are willing to serve as bedroom communities for the north county cities.

The reason is that residential neighborhoods require police and fire protection, schools, parks, libraries and other municipal services that local governments are finding it increasingly expensive to provide.

Without industrial and commercial expansion to enrich the tax base, San Jose and the south county cities believe they'd go broke if they zoned a lot of land for subdivisions.

We think the new job survey simply underlines a point we've made before:

It won't work any longer for the north county cities to get all the new jobs, while San Jose and the south county provide all the new housing.

The north county cities need to zone more land for high-density housing.

Industry needs to expand farther south.

And our 15 cities need to find some way of sharing the fat tax base that comes with new jobs — and the cost of providing services for new housing.

Enlightened self-interest doesn't stop at the city limits — not in a metropolitan area as fragmented as this one is. We need to work together in a manner that makes new growth enhance our present prosperity. The alternative is to strangle it in short-sighted parochialism.

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